

**Final Rule**

LSA Document #19-174(F)

**DIGEST**

Amends [405 IAC 1-8-3](#) to extend through June 30, 2021, the three percent rate reduction for covered outpatient hospital services that is currently set to expire on June 30, 2019. Amends [405 IAC 1-10.5-6](#) to extend through June 30, 2021, the three percent rate reduction for covered inpatient hospital services that is currently set to expire on June 30, 2019. Amends [405 IAC 1-14.6-26](#) to extend through June 30, 2021, the three percent rate reduction for covered nursing facility services that is currently set to expire on June 30, 2019. Effective 30 days after filing with the Publisher.

[405 IAC 1-8-3](#); [405 IAC 1-10.5-6](#); [405 IAC 1-14.6-26](#)

SECTION 1. [405 IAC 1-8-3](#) IS AMENDED TO READ AS FOLLOWS:

**[405 IAC 1-8-3](#) Reimbursement methodology**

**Authority:** [IC 12-15-21-2](#); [IC 12-15-21-3](#)

**Affected:** [IC 12-15-15-1](#)

Sec. 3. (a) The reimbursement methodology for all covered outpatient hospital and ambulatory surgical center services shall be subject to the lower of the submitted charges for the procedure or the established fee schedule allowance for the procedure as provided in this section. Services shall be billed in accordance with provider manuals and update bulletins.

(b) Surgical procedures shall be:

- (1) classified into a group corresponding to the Medicare ambulatory surgical center (ASC) methodology; and
- (2) paid a rate established for each ASC payment group.

Outpatient surgeries that are not classified into the nine (9) groups designated by Medicare will be classified by the office into one (1) of those nine (9) groups or additional payment groups. Reimbursement will be based on the Indiana Medicaid statewide allowed amount for that service in effect during state fiscal year 2003.

(c) Payments for emergent care that:

- (1) do not include surgery; and
- (2) are provided in an emergency department, treatment room, observation room, or clinic;

will be based on the statewide fee schedule amount in effect during state fiscal year 2003.

(d) Payments for nonemergent care that:

- (1) do not include surgery; and
- (2) are provided in an emergency department, treatment room, observation room, or clinic;

will be based on the statewide fee schedule amount in effect during state fiscal year 2003.

(e) Reimbursement for laboratory procedures is based on the Medicare fee schedule amounts.

(f) Reimbursement for the technical component of radiology procedures shall be based on the Medicaid physician fee schedule rates for the radiology services technical component.

(g) Reimbursement allowances for all outpatient hospital procedures not addressed elsewhere in this section, for example, therapies, testing, etc., shall be equal to the Medicaid statewide fee schedule amounts in effect during state fiscal year 2003.

(h) Payments will not be made for outpatient hospital and ambulatory surgical center services occurring within three (3) calendar days preceding an inpatient admission for the same or related diagnosis. The office may exclude certain services or categories of service from this requirement. Such exclusions will be described in provider manuals and update bulletins.

(i) The established rates for hospital outpatient and ambulatory surgical center reimbursement shall be reviewed annually by the office and adjusted, as necessary, in accordance with this section.

(j) The state shall not pay for provider-preventable conditions, as defined at 42 CFR 447.26(b).

(k) Notwithstanding all other provisions of this rule, reimbursement rates shall be reduced, through June 30, 2019, **2021**, by three percent (3%) for outpatient hospital services (excluding ambulatory surgical center reimbursement) that have been calculated under this rule.

(Office of the Secretary of Family and Social Services; [405 IAC 1-8-3](#); filed Dec 2, 1993, 2:00 p.m.: 17 IR 736; readopted filed Jun 27, 2001, 9:40 a.m.: 24 IR 3822; filed Feb 24, 2004, 11:15 a.m.: 27 IR 2247; readopted filed Sep 19, 2007, 12:16 p.m.: [20071010-IR-405070311RFA](#); filed Aug 16, 2010, 3:35 p.m.: [20100915-IR-405100167FRA](#); readopted filed Oct 28, 2013, 3:18 p.m.: [20131127-IR-405130241RFA](#); filed Nov 8, 2013, 2:56 p.m.: [20131204-IR-405130422FRA](#); filed Apr 29, 2015, 3:38 p.m.: [20150527-IR-405150034FRA](#); filed Aug 1, 2016, 3:44 p.m.: [20160831-IR-405150418FRA](#); errata filed Oct 6, 2016, 2:59 p.m.: [20161019-IR-405160452ACA](#); filed May 23, 2017, 1:43 p.m.: [20170621-IR-405170130FRA](#); filed May 23, 2019, 12:03 p.m.: [20190619-IR-405190174FRA](#))

SECTION 2. [405 IAC 1-10.5-6](#) IS AMENDED TO READ AS FOLLOWS:

**[405 IAC 1-10.5-6](#) Rate reduction**

**Authority:** [IC 12-15-21-2](#); [IC 12-15-21-3](#)

**Affected:** [IC 12-15-15-1](#)

Sec. 6. Notwithstanding all other provisions of this rule, reimbursement rates shall be reduced, through June 30, 2019, **2021**, by three percent (3%) for inpatient hospital services that have been calculated under this rule.

(Office of the Secretary of Family and Social Services; [405 IAC 1-10.5-6](#); filed Nov 8, 2013, 2:56 p.m.: [20131204-IR-405130422FRA](#); filed Apr 29, 2015, 3:38 p.m.: [20150527-IR-405150034FRA](#); filed May 23, 2017, 1:43 p.m.: [20170621-IR-405170130FRA](#); filed May 23, 2019, 12:03 p.m.: [20190619-IR-405190174FRA](#))

SECTION 3. [405 IAC 1-14.6-26](#) IS AMENDED TO READ AS FOLLOWS:

**[405 IAC 1-14.6-26](#) Rate reduction**

**Authority:** [IC 12-15-1-10](#); [IC 12-15-21-2](#)

**Affected:** [IC 12-13-7-3](#); [IC 12-15](#)

Sec. 26. Notwithstanding all other provisions of this rule, reimbursement rates shall be reduced by three percent (3%) per resident day, through June 30, 2019, for nursing facility services that have been calculated under this rule except for the following: **2021**.

(1) The difference between:

(A) the nursing facility quality rate add-on, as described in section 7(m) of this rule; and

(B) the nursing home report card score rate add-on calculated using each facility's current nursing home report card score, and the nursing home report card score rate add-on parameters contained in [405 IAC 1-14.6-7\(k\)](#) of LSA Document #10-183, posted as a final rule in the Indiana Register at [20101201-IR-405100183FRA](#), effective December 1, 2010.

(2) The difference between:

(A) the quality assessment rate add-on, as described in section 24(a) of this rule; and

(B) the quality assessment rate add-on calculated using the assessment rates in [405 IAC 1-14.6-24\(a\)](#) of LSA Document #10-65, posted as a final rule in the Indiana Register at [20101201-IR-405100065FRA](#), effective December 1, 2010.

(Office of the Secretary of Family and Social Services; [405 IAC 1-14.6-26](#); filed Nov 8, 2013, 2:56 p.m.: [20131204-IR-405130422FRA](#); filed Apr 29, 2015, 3:38 p.m.: [20150527-IR-405150034FRA](#); filed May 23, 2017, 1:43 p.m.: [20170621-IR-405170130FRA](#); filed May 23, 2019, 12:03 p.m.: [20190619-IR-405190174FRA](#))

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Proposed Rule: [20190424-IR-405190174PRA](#)

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